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Widening Spy Scandals

Why the record number of U.S. espionage arrests? Among the reasons: A rise in spying, better detection—and luck.

Already reeling from the largest naval spy case in modern history, America's intelligence community was shaken in late November by a flurry of new arrests—this time netting accused spies for both friendly and enemy powers.

By itself, Ronald William Pelton's case would have been troubling enough. A bankrupt ex-employe of the supersecret National Security Agency, he is accused of selling Moscow his insider's knowledge of how the United States eavesdrops on the Soviet Union. But Pelton, arrested November 25, was only one of four accused spies scooped up in the six days before Thanksgiving. That raised to 25 the number of such spy cases in 1984 and 1985—unprecedented for peacetime America.

Both main U.S. spy branches as well as the Federal Bureau of Investigation and military intelligence units have lately seen present or former agents accused of compromising U.S. security.

Exposure of record numbers of accused turncoats is one spinoff from an increasingly competitive global spy war that shows no sign of letting up. U.S. officials, in fact, hint at more to come in a governmentwide security clampdown. Meanwhile, some of America's leading allies, including West Germany and Britain, have been rocked by spy scandals of their own.

To combat the spy threat, the U.S. and other Western nations are taking countermeasures. Defense Secretary Caspar Weinberger on November 26 ordered still more curbs on up to 60,000 military personnel and civilian employes with access to secret codes.

Under President Reagan, money for counterintelligence has more than trebled, security checks have been expanded and the number of people with access to secret material has been trimmed. Also aiding the counterspy drive are legal changes that shield classified material in the courtroom.

At the same time, few experts doubt that thousands more spies are operating within American borders these days, partly because of the technology explosion and partly because of a U.S. near monopoly in the West on global intelligence. "You name it, you can get it here, whether it's data about Iraq or action on the Indian-Pakistani border," said one analyst. "America is a K mart for spies."

It is clear that the November antispy sweep sprang in part from better security as well as plain good luck. Not so clear is whether officials also were trying to recoup from the embarrassment caused by the loss of a Soviet KGB defector.

Equally hard to sort out is the actual security damage. Although evidence points to breaches, the damage seems less severe than that caused by the recently broken Walker family naval spy ring. Those arrested in November were not co-conspirators and, intriguingly, Pelton alone was accused as a Soviet spy. The others were alleged snoops for China and Israel.

Catch of the day. Pelton, 44, is accused of selling "extremely sensitive" material gained during a 14-year career with the National Security Agency. On November 24, the FBI nabbed Larry Wu-Tai Chin, 63, a retired mid-level CIA broadcast analyst, and accused him of spying for China over 30 years. Jonathan Jay Pollard, 31, a counterterrorism analyst for the Naval Intelligence Service, was jailed November 21 on charges of selling secrets to Israel. His wife also was picked up.

Adding to the impression of out-of-control spying, former CIA clerk Sharon Scranage was sentenced on November 25 to five years in prison for giving a Ghanaian boyfriend the names of CIA employes and their informants.

Never in recent memory have so many rapid-fire arrests occurred in so few days. Although federal officials maintained that diligent counterespionage work had paid off, they also were helped by a large measure of luck in three cases.

Both Pelton and former CIA analyst Edward Howard, now a fugitive, were unmasked as Soviet spies by Vitaly Yurchenko, the defecting KGB official who returned to Moscow in early November. The Pollard case was dumped in the FBI's lap when co-workers informed.

Why the Pelton and Chin arrests were timed to coincide is murky, but officials deny staging a crackdown just to compensate for Yurchenko's loss. Chin, however, had been under surveillance for 23 months. Pollard forced his own arrest when he sought refuge at Israel's Embassy.

Cash on the line. The cases outlined by prosecutors follow a cash-and-carry pattern common to a new generation of spies for whom ideology seldom figures as motivation. All four—Pelton, Chin, the Pollards—stand accused of selling secrets because the price was right. "They don't seem to be people who have been committed to the abolition of capitalism or anything of that kind—quite the contrary," commented Secretary Weinberger.

Pelton, says the FBI, was bankrupt when he contacted a Soviet agent in 1980, after leaving his $24,500-a-year agency job and failing as a businessman. At the time, he lived with his family in a rural shack. "He was destitute," says a friend. The Soviets are said to have made several cash payments, including one for $15,000 during a 1983 contact in Vienna.

Chin allegedly took more than $140,000 from the Chinese, claiming the money had been won gambling.

Pollard and his wife Anne, whose case has strained U.S.-Israeli relations, are said to have received about $50,000.

Of the four cases, Pelton's is most worrisome to authorities.

He held a top-secret clearance in an agency of increasing importance in the world of electronic spying. One of the NSA's primary jobs is to pluck foreign military and diplomatic communications from the air and crack encoded messages. The fear is that Pelton may have disclosed which coded channels the NSA was able to intercept and decipher.

Chin, says the FBI, was only a midlevel analyst for the CIA's Foreign Broadcast Information Service, mostly handling translation and analysis of foreign news broadcasts. Even so, he also would translate sensitive documents for other agency divisions. Pollard had access to military codes as well as other material bearing on the U.S. Sixth Fleet in the Mediterranean Sea.

That the damage could have been worse was cold comfort. Pelton operated undetected for years, even though he openly visited the Soviet Embassy in Austria. Pollard's friends recall him bragging for 10 years about spying for Israel. Worse, even after Pollard fell under suspicion, he still managed to walk out of his office with secret material that his bosses apparently knew nothing about. □

By WILLIAM L. CHAZE with ROBERT A. KITTLE, JOSEPH P. SHAPIRO, MELISSA HEALY and TED GEST

"It's Not Damage That Can't Be Repaired"

Conversation with Senator Patrick Leahy of Vermont, Vice Chairman, Senate Intelligence Committee

Spate of spies. The U.S. intelligence system is the best in the world—certainly far better than it was a decade ago. But the Soviets and others spend millions of dollars seeking to penetrate it, and in some instances they're going to succeed.

The cases we're seeing now are the result of the much closer cooperation between the CIA and the FBI. Congress has pushed for years to increase the number of counterintelligence people. It has been done, and it's paying off.

Damage. I wouldn't want to confirm to our enemies how successful they've been or not been. You have to assume damage—but it's not damage that can't be repaired.

Security policies. We already have procedures that could block spies; they've just got to be followed. The Navy was extraordinarily lax in not checking [confessed spy and ex-Navy man] John Walker over a period of 17 years.

Espionage by allies. If any ally hires Americans to betray their country, then that is wrong—and I don't care who the ally is. We give our allies tens of millions of dollars in information. If we find that any of them are spying on us, I suspect there is going to be a reaction which may bring restrictions on such information. That doesn't help them, and it doesn't help us.

Congressional controls. I believe [CIA Director] William Casey sometimes thinks the only way to get rid of criticism of his actions is to do away with congressional oversight.

CHUCK HARRITY—USN&WR

It's quite the opposite. To the extent that the CIA has credibility, it's because the Senate and House can assume the oversight panels are watching what is being done. Otherwise, you'd have 535 members of Congress in open session questioning every single thing the CIA does.